

[REDACTED]

From: Greeting Official [REDACTED]
Sent: Thursday, March 21, 2024 11:52 PM
To: Felton, David (USANYS)
Cc: Evans, Cole R; Mead, Kevin (USANYS); [REDACTED]; Lane Michael L
Subject: Re: [EXTERNAL] Re: Shakeeb Ahmed Sentencing [REDACTED]

Dear officer,

We are very excited to see that the case of Shakeeb Ahmed has achieved significant progress and is going to be sentenced soon. We want to say thank you to all the crew members who have been making their efforts on this. Hereby we would like to submit a statement from our team to summarize the losses and harm that we have suffered due to this hacking incident. Hopefully this can be a valuable reference for the judgement.

Direct losses:

First of all, let us summarize the direct losses out of stolen funds in this incident.

Taking account of all the pools affected by the exploit, the assets that were stolen originally by the hacker include:

- 4,404,783 USDT
- 959,835 USDC
- 303,414 USDH
- 68,223 PAI
- 36,197 SOL
- 21,751 stSOL
- 20,414 mSOL

At the time of the incident, these stolen funds were worth nearly 9 million USD, but at the time of writing this statement, the market value of these assets is more than 22 million USD.

After the incident, we immediately took corresponding actions to avoid further losses and try to chase back the stolen funds. We suspended the previous smart contract, contacted blockchain explorer service providers to blacklist the hacker's address on both Solana and Ethereum to track its next step movements, and reached out to the hacker by sending an on-chain message to express our willingness to negotiate. We expressed that we could accept the hacker to keep 10% of the funds as a bounty if he agrees to return the rest, because we urgently want to recover the funds as soon as possible.

After a few days, we received the response from Shakeeb Ahmed, but he asked for \$2.6M as a bounty, which is far higher than what we can afford. After repeated negotiations, we eventually had to compromise at a deal of \$1.5M.

Before we negotiated, he had already converted the stolen funds into ETH and SOL tokens. After we reached a consensus, he kept 45,455 SOL (valued ≈\$1.5M at the time of the incident but now worth \$8.6M+) in total and returned the rest to us. We immediately proceeded with our fund recovery procedures and deposited the returned funds back to our protocol (in a separate smart contract for asset withdrawal) to allow users to claim back 84% of their original funds. At the same time, we allocated a percentage of our own governance token [REDACTED] as compensation to all users who were affected by the incident (cost is borne by our team), but it apparently cannot cover users' total losses because of the fast depreciation of our token caused by this incident.

Therefore, the most ideal fund restitution solution for us is to return the remaining 16% of the funds to users in their original asset types and corresponding amounts. In that case, we may need the following funds to implement that:

- 704,765 USDT
- 153,574 USDC
- 48,546 USDH
- 10,916 PAI
- 5,792 SOL
- 3,480 stSOL
- 3,266 mSOL

At the time of writing this statement, it costs at least \$3.54M to recover all these assets indicated above. If the final returned funds are less than this, we will need to distribute the returned funds to users on a pro rata basis.

Other losses and harm:

Apart from direct losses indicated above, there are many other losses and impacts that we suffered. Many of them are hard to be evaluated quantitatively. Firstly, in order to remediate the effect, we developed a series of follow-up smart contracts to ensure the remaining liquidity can be safely claimed back by our users. The audit cost for these new smart contracts is \$84,000. The labor cost of new version development and maintenance is hard to calculate already but is definitely no less than \$200,000.

Secondly, the TVL on [REDACTED] dropped by more than 95% since the incident, which is an approximately \$10M value escape. The price of our governance token has been dropping continually after the incident. The token price before the incident was around \$0.12 but now it is about \$0.003 and also lacks enough liquidity. This has caused huge losses to both our investors and our team. All these are inevitable and are devastating to our project.

Moreover, this incident has also had a huge negative impact on the reputation of our team and the privacy rights of our team members. We are also facing increasing difficulty communicating with venture capitals and other investors in this industry. These things may affect our career and life for a very long time. The losses and harm it brought to us are immeasurable.

Although this project has been in a state of continuous losses since the incident, our team has been insisting on maintaining its services till today, because we want to wait and strive for a proper result for all our users. We are extremely pleased that this case is coming to a judgement soon. We sincerely appreciate all members of the investigation team and the department of justice for their time and effort behind the scenes. Thank you.

Sincerely,

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